

**Qualified Adoption Expenses**

OMB No. 1545-0074

Department of the Treasury  
Internal Revenue Service▶ **Attach to Form 1040 or 1040A.**▶ **See separate instructions.****2005**Attachment  
Sequence No. **38**

Name(s) shown on return

Your social security number

**Before you begin:** See **Definitions** on page 1 of the instructions.**Part I Information About Your Eligible Child or Children**—You must complete this part. See page 2 of the instructions for details, including what to do if you need more space.

1	(a) Child's name		(b) Child's year of birth	Check if child was—			(f) Child's identifying number
	First	Last		(c) born before 1988 and was disabled	(d) a child with special needs	(e) a foreign child	
Child 1				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Child 2				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**Caution:** If the child was a foreign child, see **Special rules** in the instructions for line 1, column (e), that begin on page 2, before you complete Part II or Part III. If you received **employer-provided adoption benefits**, complete Part III on the back next.**Part II Adoption Credit****Before you begin:** If you are filing Form 1040 and claiming the mortgage interest credit (for holders of qualified mortgage credit certificates issued by state or local governmental units or agencies), complete **Form 8396**, Mortgage Interest Credit.

	Child 1	Child 2	
2 Maximum credit per child . . . . .	2 \$10,630 00	\$10,630 00	
3 Did you file Form 8839 for a prior year for the same child? <input type="checkbox"/> <b>No.</b> Enter -0-. <input type="checkbox"/> <b>Yes.</b> See page 4 of the instructions for the amount to enter.	3		
4 Subtract line 3 from line 2 . . . . .	4		
5 <b>Qualified adoption expenses</b> (see page 4 of the instructions) . . . . .	5		
<b>Caution:</b> Your qualified adoption expenses may not be equal to the adoption expenses you paid in 2005.			
6 Enter the <b>smaller</b> of line 4 or line 5 . . . . .	6		
7 Add the amounts on line 6. If zero, skip lines 8 through 11 and enter -0- on line 12 . . . . .	7		
8 Modified adjusted gross income (see page 4 of the instructions) . . . . .	8		
9 Is line 8 more than \$159,450? <input type="checkbox"/> <b>No.</b> Skip lines 9 and 10, and enter -0- on line 11. <input type="checkbox"/> <b>Yes.</b> Subtract \$159,450 from line 8 . . . . .	9		
10 Divide line 9 by \$40,000. Enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000" . . . . .	10		×
11 Multiply line 7 by line 10 . . . . .	11		
12 Subtract line 11 from line 7 . . . . .	12		
13 Credit carryforward from prior years (line 23 of your <b>Credit Carryforward Worksheet</b> on page 4 of the <b>2004</b> Form 8839 instructions) . . . . .	13		
14 Add lines 12 and 13 . . . . .	14		
15 Enter the amount from Form 1040, line 46, or Form 1040A, line 28 . . . . .	15		
16 <b>1040 filers:</b> Enter the total of the amounts from Form 1040, lines 47 through 52, plus any mortgage interest credit from Form 8396, line 11. <b>1040A filers:</b> Enter the total of the amounts from Form 1040A, lines 29 through 33.	16		
17 Subtract line 16 from line 15 . . . . .	17		
18 <b>Adoption credit.</b> Enter the smaller of line 14 or line 17 here and on Form 1040, line 53, or Form 1040A, line 34. If line 17 is smaller than line 14, you may have a credit carryforward (see page 4 of the instructions) . . . . .	18		

**Part III Employer-Provided Adoption Benefits**

	Child 1		Child 2		
<b>19</b> Maximum exclusion per child . . . . .	<b>19</b>	\$10,630 00		\$10,630 00	
<b>20</b> Did you receive <b>employer-provided adoption benefits</b> for a prior year for the same child? <input type="checkbox"/> <b>No.</b> Enter -0-. <input type="checkbox"/> <b>Yes.</b> See page 4 of the instructions for the amount to enter.	<b>20</b>				
<b>21</b> Subtract line 20 from line 19 . . . . .	<b>21</b>				
<b>22</b> Employer-provided adoption benefits you received in 2005. This amount should be shown in box 12 of your 2005 Form(s) W-2 with code <b>T</b> . . . . .	<b>22</b>				
<b>23</b> Add the amounts on line 22 . . . . .	<b>23</b>				
<b>24</b> Enter the <b>smaller</b> of line 21 or line 22. But if the child was a child with special needs and the adoption became final in 2005, enter the amount from line 21 . . . . .	<b>24</b>				
<b>25</b> Add the amounts on line 24. If zero, skip lines 26 through 29, enter -0- on line 30, and go to line 31 . . . . .	<b>25</b>				
<b>26</b> Modified adjusted gross income (from the worksheet on page 6 of the instructions) . . . . .	<b>26</b>				
<b>27</b> Is line 26 more than \$159,450? <input type="checkbox"/> <b>No.</b> Skip lines 27 and 28, and enter -0- on line 29. <input type="checkbox"/> <b>Yes.</b> Subtract \$159,450 from line 26 . . . . .	<b>27</b>				
<b>28</b> Divide line 27 by \$40,000. Enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000" . . . . .	<b>28</b>				
<b>29</b> Multiply line 25 by line 28 . . . . .	<b>29</b>				
<b>30</b> <b>Excluded benefits.</b> Subtract line 29 from line 25 . . . . .	<b>30</b>				
<b>31</b> <b>Taxable benefits.</b> Is line 30 more than line 23? <input type="checkbox"/> <b>No.</b> Subtract line 30 from line 23. Also, include this amount, if more than zero, on line 7 of Form 1040 or 1040A. On the line next to line 7, enter "AB." <input type="checkbox"/> <b>Yes.</b> Subtract line 23 from line 30. Enter the result as a negative number. Reduce the total you would enter on line 7 of Form 1040 or 1040A by the amount on Form 8839, line 31, and enter the result on line 7 of Form 1040 or 1040A. On the line next to line 7, enter "SNE."	<b>31</b>				

You may be able to claim the adoption credit in Part II on the front of this form if either of the following applies.



- The total adoption expenses you paid in 2005 were not fully reimbursed by your employer and the adoption became final in 2005 or earlier.
- You adopted a child with special needs and the adoption became final in 2005.

